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APPROVED: Meeting 07-90

TEST: *Sharon H. Gran*

MAYOR AND COUNCIL
ROCKVILLE, MARYLAND
Meeting No. 06-90

February 6, 1990

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The Mayor and Council of Rockville, Maryland, convened in Special Session in the Council Chamber, Rockville City Hall, Maryland Avenue at Vinson Street, Rockville, Maryland, on February 6, 1990, at 7:35 p.m.

PRESENT

Cc

Mayor Douglas M. Duncan

Cc

Councilmember James F. Coyle

Councilmember Viola D. Hovsepien

Councilmember James T. Marrinan

Councilmember David Robbins

Arrived at 8:35 p.m.)

At

In attendance: City Manager Bruce Romer, City Clerk Sharon Gran and City Attorney Paul Glasgow.

Re: Approval of the sale of
\$10,000,000 of General
Obligation Bonds to be
underwritten by the recommended
bidder

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The City Manager briefed the Mayor and Council regarding the three bids received, which bids had been reviewed by the City's bond counsel and financial advisor. Based upon comparisons with other similar bond issues, the financial advisor concluded that the lowest responsible bid submitted by Ferris, Baker, Watts, Inc. represents an excellent market bid for the City. The City Manager, therefore, recommended that the sale of bonds be awarded to Ferris, Baker, Watts, Inc.

Wayne Burggraaf of Evenson Dodge, Inc., the City's financial advisor, reported to the Mayor and Council that the bond ratings of AA from Moody's Investors Services and

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AA+ from Standard and Poor's reflected very well on the financial management of the City.

Upon motion of Councilmember Marrinan, duly seconded and unanimously passed by a vote of all those present, the three bids received from Ferris, Baker, Watts, Inc., Shearson Lehman Hutton, Inc. and Clayton Brown & Associates, Inc. were accepted, and the bid for Rockville General Obligation Bonds in the amount of \$10,000,000 was awarded to Ferris, Baker, Watts, Inc. at a true interest rate of 6.7419%.

At 7:42 p.m., the Special Session meeting was adjourned and the Mayor and Council convened in Worksession.

Re: Worksession on
Affordable Housing

Mayor Duncan stated that the City has been working on an affordable housing package and, prior to setting a public hearing on the proposed legislation, the Mayor and Council wanted to provide an opportunity for comment by interested groups and organizations.

Following a brief overview by the City Manager, staff presented a report on the proposed legislation.

Moderately Priced Dwelling Unit Ordinance

The ordinance provides that all residential developments in the City of 50 or more dwelling units must provide at least 12.5% of its units to meet MPDU standards. Executive regulations would be prepared to establish income and eligibility standards for participating households.

The ordinance also provides that, in lieu of building the number of required MPDUs, a developer may build more MPDUs at other sites within the City, convey land to the City in a size and location suitable for the development of additional MPDUs, or contribute to a Moderately Priced Housing Fund to be established by the City.

Accessory Apartments

Staff defined the accessory apartment as a self-contained dwelling unit that is part of, or attached to, an existing one-family detached dwelling. Sondra Block, Assistant City Attorney, reported that this legislation was not identical to the County's law but was simplified to meet the City's needs. Any accessory apartments in the City would require a special exception.

Discussion followed with County officials as to the need for standards to determine a set number of accessory apartments in any given area which might adversely impact a neighborhood. Rick Ferrara, Director of the County's Department of Housing and Community Development, responded that County staff apprise the Board of Appeals of any accessory apartments located within a three-block radius of a pending application. Councilmember Coyle raised the issue of "owner" and staff indicated that it was their suggestion that the actual owner reside on the premises.

Following discussion, staff was requested to amend the proposed legislation to build in safeguards to preclude pyramiding of uses by owners of accessory units by prohibiting large unrelated households in the units.

It was clarified that the special exception for an accessory apartment does not transfer when the property is conveyed; that a new owner would be required to apply for a special exception if the accessory apartment use was to be continued.

As to public awareness of the accessory apartment use, Joan Hatfield of the Association of Realtors advised that this information is provided to their new Association members at orientation.

Councilmember Hovsepien requested that the City follow the County's lead and add as part of the procedure a low-interest loan program to help design accessory apartments.

Leah Barnett expressed her concern with placing the accessory apartments in

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a rental program.

Discussion followed regarding the prohibition of including an accessory apartment in original construction, and it was mentioned that such construction is taking place at the Kentlands project in Gaithersburg. Mayor Duncan asked to be provided with information regarding the Kentlands project.

Tenant Displacement

Staff proposed adoption of the Montgomery County Condominium and Cooperative Conversion Ordinance, with the recommendation that the County operate the program on behalf of the City. County officials have indicated, however, that the County is not willing to enter into a written agreement with the City at this time which would give the Mayor and Council veto over the purchase of a complex. Discussion followed regarding the importance of negotiating a three-year rental agreement with owners of multi-family properties slated for conversion in order to protect the tenants. Discussion ensued as to other incentives to owners, other than low-interest loans, to assure maintenance of affordable housing. Regarding the limited supply of affordable housing in the City, Bernard Tetreault of the Housing Opportunities Commission suggested concentrating on a mechanism to preserve the current supply of housing through public purchase and/or resale to non-profit organizations with a preferred financing package.

Red Barn Development

Staff noted that this project will be the subject of a public hearing on March 19. Three applications have been received and, if more than one family meets all of the established criteria, a lottery will be used for selection. A June, 1990 occupancy is anticipated.

Proposal to Purchase City-Owned Land for Development of Affordable Housing

Staff advised the Mayor and Council that they had received a proposal from a developer for the acquisition of a piece of City-owned land in exchange for which the

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developer would build houses according to the Housing Opportunities Commission mortgage criteria. Staff sought guidance from the Mayor and Council as to moving forward with negotiations and was requested to provide more information on the proposal. Additionally, Councilmember Coyle inquired as to the status of staff's exploration of the housing enterprise zone concept and was advised that the research is almost complete.

Single Room Occupancy

A text amendment application filed by Community Ministries to permit single room occupancy in the O-2 Zone is currently being considered by the planning staff; in conjunction with this application, planning staff is looking at the SRO concept in a generic sense and will have a report ready in the near future.

Councilmember Hovsepien referenced the San Diego project (residential hotel program), indicating that such a concept is worth exploring in the City. Mr. Ferrara commented that there is an arrangement pending in the City of Gaithersburg for conversion of a hotel to individual self-contained units.

Mayor Duncan stated that there are two issues still pending: the housing fund and vacant parcels in the City suitable for affordable housing. It was noted that a housing fund program is being prepared. Staff indicated that the vacant parcels have been mapped out and are being evaluated as to suitability for development. When completed, the map will be presented for review by the Mayor and Council.

Moderately Priced Dwelling Units

The MPDU issue was re-introduced, and Councilmember Coyle expressed concern with the practicality of MPDUs in the City given the limited amount of available land. He stated that he would not like to see money accrue in a housing fund when there are no options for providing affordable housing. Councilmember Hovsepien indicated the need to look more carefully to designation of MPDU units in high rise buildings, especially those to be constructed in Town Center and at Tower Oaks. She mentioned the need to

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review many more options or a "cafeteria of bonuses" to encourage developers to provide more moderately priced dwelling units. She referenced page 7 of the ordinance which refers to "low" income, and it was agreed that the legislation should be changed to reference moderate income instead.

With respect to staffing needs for the administration of a moderately priced dwelling unit ordinance, staff responded that the workload would not require additional resources.

Councilmember Coyle expressed concern with affordable housing for ownership, not just rental. Regarding the relationship between jobs and housing, Montgomery County Councilmember William Hanna briefed the City on his recently introduced County initiative to bridge the gap between jobs in the County and housing. To address the shortage of 25,000 units, this "productivity housing" initiative will focus on providing housing for families in the median income bracket (\$51,000 or less). Mayor Duncan requested copies of the County's report.

In response to Councilmember Hovsepien's question regarding whether the County's plan calls for employers to make a contribution, Mr. Hanna responded that they are convening an employers' group to determine how they would make a contribution.

Mr. Ferrara indicated his department's willingness to provide information and technical assistance to the City in the affordable housing program area.

Mrs. Hatfield mentioned a recent change in the County's home occupation laws, indicating that the City should review this matter as well. She also referenced the recent legislation passed by Montgomery County providing for a loan of up to \$5,000 for settlement costs, and staff was to determine if such legislation was applicable in the City.

Norman Christeller stated that he would send some additional information to the City regarding MPDUs. Mayor Duncan requested an analysis of a first-time homebuyers

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program for the City. He also asked that the affordable housing legislation, with the requested changes, be brought back to the Mayor and Council very quickly.

Re: City Hall Space Needs Study

Following an introduction by the City Manager of the status of the space needs study and an outline of what Phase II involves (looking at two alternatives), the use of 135 square feet per employee as a test to determine what departments fall below that level was discussed. Questions followed regarding the efficiency factor of the present site and the growth factors assumed in the projected figures provided by the consultants.

The City Manager stated that the premise of the study is an integrated, complete City Hall. Mrs. Barnett added that a centralized City Hall is most beneficial to the citizens and that City Hall would ideally be located in Town Center.

Mayor Duncan requested information as to the current square footage breakdown by department of office space, noting that they would like to be provided with an illustration of how the projected space needs could best be meshed with the current available space. Once these existing figures have been calculated, the consultant was asked to provide a graphic representation of how their projected figures would fit into the configuration of the current City Hall site.

Re: Adjournment

There being no further business to come before the Mayor and Council, the meeting was adjourned at 11:15 p.m., to convene again in General Session at 7:30 p.m. on February 12, 1990, or at the call of the Mayor.